

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC.; BIG SANDY )  
RECC; BLUE GRASS RECC; CLARK RECC; )  
CUMBERLAND VALLEY RECC; FARMERS RECC; )  
FLEMING-MASON RECC; FOX CREEK RECC; )  
GRAYSON RECC; HARRISON RECC; INTER- )  
COUNTY RECC; JACKSON COUNTY RECC; )  
LICKING VALLY RECC; NOLIN RECC; )  
OWEN COUNTY RECC; SALT RIVER RECC; )  
SHELBY RECC; SOUTH KENTUCKY RECC; )  
AND TAYLOR COUNTY RECC FOR APPROVAL )  
OF EXPERIMENTAL TIME-OF-DAY RATES AND )  
A TIME-OF-DAY RATES RESEARCH PROJECT )

CASE NO. 8906

O R D E R

On September 20, 1983, East Kentucky Power Cooperative, Inc., ("EKP") filed an application for approval of experimental time-of-day ("TOD") rates and a TOD rate research project. On October 28, 1983, EKP amended its application to improve the statistical validity of the information collected during the research project. EKP proposed to implement its TOD research project on December 1, 1983. The research project will include 144 residential consumers drawn equally from each of the 17 participating Rural Electric Cooperative Corporations ("RECCs"). The proposed research project will be restricted to voluntary participation by residential consumers.

The Public Service Commission ("Commission") is of the opinion and finds that the TOD research project as modified by EKP's amended application is both timely and appropriate. In a period of increasing costs the Commission is convinced that alternatives to the construction of new generating facilities must be given thorough examination and analysis including rate experiments such as EKP has proposed in this case. It is through this type of experimentation that long run costs can be contained and electricity remain affordable to Kentucky consumers.

The Commission will adopt the TOD rate structures for the RECCs as proposed in EKP's amended application. However, the Commission remains concerned with the declining block rate structure of some of the RECCs. Though most electric utilities in the Commonwealth have either flat rates or are in the process of flattening rates some RECCs retain as many as six blocks in their rate structure. The Commission encourages these RECCs to work closely with EKP in a transition to flatter rate structures which better reflect cost of service.

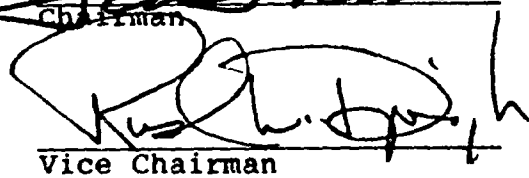
IT IS THEREFORE ORDERED that the RECCs' proposed experimental TOD rates as revised in the October 28 1983, amended filing shall become effective for bills rendered on or after January 1, 1984.

IT IS FURTHER ORDERED that the RECCs shall file with the Commission, within 30 days from the date of this Order, tariffs setting out the experimental rates approved herein.

Done at Frankfort, Kentucky, this 30th day of November, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

Secretary